

## INTRODUCTION: Public Debt Operations

The Second Liberty Bond Act (31 U.S.C. 3101, et seq.) allows the Secretary of the Treasury to borrow money by issuing Treasury securities. The Secretary determines the terms and conditions of issue, conversion, maturity, payment, and interest rate. New issues of Treasury notes mature in 2 to 10 years. Bonds mature in more than 10 years from the issue date. Each marketable security is listed in the "Monthly Statement of the Public Debt of the United States". The information in this section of the "Treasury Bulletin" pertains only to marketable Treasury securities, current bills, notes, and bonds.

Table **PDO-1** provides a maturity schedule of interest-bearing marketable public debt securities other than regular weekly and 52-week bills. All unmatured Treasury notes and bonds are listed in maturity order, from earliest to latest. A separate breakout is provided for the combined holdings of the Government accounts and Federal Reserve banks, so that the "all other investors" category includes all private holdings.

Table **PDO-2** presents the results of weekly auctions of 13- and 26-week bills, as well as auctions of 52-week bills, which are held every fourth week. Treasury bills mature each Thursday. New issues of 13-week bills are *reopenings* of 26-week bills. The 26-week bill issued every fourth week to

mature on the same Thursday as an existing 52-week bill is a reopening of the existing 52-week bill. New issues of *cash management bills* are also presented. High, low, and average yields on accepted tenders and the dollar value of total bids are presented, with the dollar value of awards made on both competitive and noncompetitive basis.

Treasury accepts noncompetitive tenders of up to \$1 million for bills and \$5 million for notes and bonds in each auction of securities to encourage participation of individuals and smaller institutions.

Table **PDO-3** lists the results of auctions of marketable securities, other than weekly bills, in chronological order over the past 2 years. Included are: notes and bonds from table PDO-1; 52-week bills from table PDO-2; and data for cash management bills. The maturities of cash management bills coincide with those of regular issues of Treasury bills.

Table **PDO-4** indicates the total amount of marketable securities allotted to each class of investor. The Federal Reserve banks tally into investor classes the tenders in each auction of marketable securities other than weekly auctions of 13- and 26-week bills.

## TREASURY FINANCING: JANUARY-MARCH

### JANUARY

#### Auction of 2-Year and 5-Year Notes

January 17 Treasury announced it would auction \$18,250 million of 2-year notes of Series AB-1998 and \$12,000 million of 5-year notes of Series E-2001 to refund \$26,245 million of securities maturing January 31 and to raise about \$4,000 million new cash.

The notes of Series AB-1998 were dated January 31, 1996, due January 31, 1998, with interest payable on July 31 and January 31 until maturity. An interest rate of 5 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.s.t., for noncompetitive tenders and prior to 1 p.m., e.s.t., for competitive tenders on January 23, and totaled \$44,814 million, of which \$18,251 million was accepted. All competitive tenders at yields lower than 5.068 percent were accepted in full. Tenders at 5.068 percent were allotted 99 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.068 percent with an equivalent price of 99.872. The median yield was 5.050 percent, and the low yield was 5.010 percent. Noncompetitive tenders totaled \$1,642 million, including \$950 million awarded to foreign official institutions. Competitive tenders accepted from private investors totaled \$16,609 million.

In addition to the \$18,251 million of tenders accepted in the auction process, \$807 million was accepted from Federal Reserve banks for their own account.

The notes of Series E-2001 were dated January 31, 1996, due January 31, 2001, with interest payable on July 31 and January 31 until maturity. An interest rate of 5-1/4 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.s.t., for noncompetitive tenders and prior to 1 p.m., e.s.t., for competitive tenders on January 24, and totaled \$26,689 million, of which \$12,005 million was accepted. All competitive tenders at yields lower than 5.360 percent were accepted in full. Tenders at 5.360 were allotted 35 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.360 percent with an equivalent price of 99.523. The median yield was 5.304 percent, and the low yield was 5.260 percent. Noncompetitive tenders totaled \$341 million, including \$50 million awarded to foreign official institutions. Competitive tenders accepted from private investors totaled \$11,664 million.

In addition to the \$12,005 million of tenders accepted in the auction process, \$800 million was accepted from Federal Reserve banks for their own account.

#### 52-Week Bills

December 29, 1995, tenders were invited for approximately \$18,750 million of 364-day Treasury bills to be dated January 11, 1996, and to mature January 9, 1997. The issue was to refund \$17,351 million of maturing 52-week bills and to raise about \$1,400 million new cash. The bills were auctioned on January 4. Tenders totaled \$57,784 million, of which

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\$18,894 million was accepted, including \$941 million of non-competitive tenders from the public and \$4,550 million of the bills issued to Federal Reserve banks for themselves. The average bank discount rate was 4.89 percent.

### FEBRUARY

#### February Quarterly Financing

January 31 Treasury announced it would auction \$18,500 million of 3-year notes of Series W-1999, \$14,000 million of 10-year notes of Series A-2006, and \$12,000 million of 30-year bonds of February 2026 to refund \$31,296 million of Treasury securities maturing February 15 and to raise about \$13,200 million new cash.

The notes of Series W-1999 were dated February 15, 1996, due February 15, 1999, with interest payable on August 15 and February 15 until maturity. An interest rate of 5 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.s.t., for noncompetitive tenders and prior to 1 p.m., e.s.t., for competitive tenders on February 6, and totaled \$49,441 million, of which \$18,506 million was accepted at yields ranging from 5.037 percent, price 99.898, up to 5.046 percent, price 99.873. Tenders at the high yield were allotted 51 percent. Noncompetitive tenders were accepted in full at the average yield, 5.043 percent, price 99.882. These totaled \$857 million, including \$250 million awarded to foreign official institutions. Competitive tenders accepted from private investors totaled \$17,649 million.

In addition to the \$18,506 million of tenders accepted in the auction process, \$3,472 million was accepted from Federal Reserve banks for their own account.

The notes of Series A-2006 were dated February 15, 1996, due February 15, 2006, with interest payable on August 15 and February 15 until maturity. An interest rate of 5-5/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.s.t., for noncompetitive tenders and prior to 1 p.m., e.s.t., for competitive tenders on February 7, and totaled \$28,207 million, of which \$14,009 million was accepted at yields ranging from 5.639 percent, price 99.894, up to 5.660 percent, price 99.736. Tenders at the high yield were allotted 82 percent. Noncompetitive tenders were accepted in full at the average yield, 5.649 percent, price 99.819. These totaled \$540 million, including \$100 million awarded to foreign official institutions. Competitive tenders accepted from private investors totaled \$13,469 million.

In addition to the \$14,009 million of tenders accepted in the auction process, \$1,500 million was accepted from Federal Reserve banks for their own account.

The notes of Series A-2006 may be held in STRIPS form. The minimum par amount required is \$320,000.

The bonds of February 2026 were dated February 15, 1996, due February 15, 2026, with interest payable on August

15 and February 15 until maturity. An interest rate of 6 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders for the bonds were received prior to 12 noon, e.s.t., for noncompetitive tenders and prior to 1 p.m., e.s.t., for competitive tenders on February 8, and totaled \$24,686 million, of which \$12,001 million was accepted at yields ranging from 6.110 percent, price 98.496, up to 6.130 percent, price 98.226. Tenders at the high yield were allotted 81 percent. Noncompetitive tenders were accepted in full at the average yield, 6.119 percent, price 98.374. These totaled \$324 million. Competitive tenders accepted from private investors totaled \$11,677 million.

In addition to the \$12,001 million of tenders accepted in the auction process, \$900 million was accepted from Federal Reserve banks for their own account.

The bonds of February 2026 may be held in STRIPS form. The minimum par amount required is \$100,000.

#### Auction of 2-Year and 5-Year Notes

February 21 Treasury announced it would auction \$18,250 million of 2-year notes of Series AC-1998 and \$12,000 million of 5-year notes of Series F-2001 to refund \$26,868 million of securities maturing February 29 and to raise about \$3,375 million new cash.

The notes of Series AC-1998 were dated February 29, 1996, due February 28, 1998, with interest payable on the last calendar day of August and February until maturity. An interest rate of 5-1/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.s.t., for noncompetitive tenders and prior to 1 p.m., e.s.t., for competitive tenders on February 27, and totaled \$42,639 million, of which \$18,258 million was accepted. All competitive tenders at yields lower than 5.235 percent were accepted in full. Tenders at 5.235 percent were allotted 15 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.235 percent with an equivalent price of 99.794. The median yield was 5.220 percent, and the low yield was 5.190 percent. Noncompetitive tenders totaled \$1,719 million, including \$950 million awarded to foreign official institutions. Competitive tenders accepted from private investors totaled \$16,539 million.

In addition to the \$18,258 million of tenders accepted in the auction process, \$903 million was accepted from Federal Reserve banks for their own account.

The notes of Series F-2001 were dated February 29, 1996, due February 28, 2001, with interest payable on the last calendar day of August and February until maturity. An interest rate of 5-5/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.s.t., for noncompetitive tenders and prior to 1 p.m., e.s.t., for competitive tenders on February 28, and totaled \$26,012 million, of which \$12,003 million was accepted. All competitive tenders at yields lower than 5.680 percent were accepted in full. Tenders

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at 5.680 percent were allotted 77 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.680 percent with an equivalent price of 99.763. The median yield was 5.639 percent, and the low yield was 5.600 percent. Noncompetitive tenders totaled \$327 million. Competitive tenders accepted from private investors totaled \$11,676 million.

In addition to the \$12,003 million of tenders accepted in the auction process, \$800 million was accepted from Federal Reserve banks for their own account.

### 52-Week Bills

January 26 tenders were invited for approximately \$18,750 million of 364-day Treasury bills to be dated February 8, 1996, and to mature February 6, 1997. The issue was to refund \$17,445 million of maturing 52-week bills and to raise about \$1,300 million new cash. The bills were auctioned on February 1. Tenders totaled \$58,931 million, of which \$18,880 million was accepted, including \$1,039 million of noncompetitive tenders from the public and \$4,500 million of the bills issued to Federal Reserve banks for themselves. The average bank discount rate was 4.64 percent.

February 23 tenders were invited for approximately \$18,750 million of 364-day Treasury bills to be dated March 7, 1996, and to mature March 6, 1997. The issue was to refund \$17,352 million of maturing 52-week bills and to raise about \$1,400 million new cash. The bills were auctioned on February 29. Tenders totaled \$39,112 million, of which \$18,780 million was accepted, including \$960 million of noncompetitive tenders from the public and \$4,400 million of the bills issued to Federal Reserve banks for themselves. The average bank discount rate was 4.98 percent.

### Cash Management Bills

January 31 tenders were invited for approximately \$8,000 million of 7-day bills to be issued February 15, 1996, representing an additional amount of bills dated August 24, 1995, maturing February 22, 1996. The issue was to raise new cash. Tenders were opened on February 8. They totaled \$41,694 million, of which \$8,055 million was accepted. The average bank discount rate was 5.14 percent.

February 21 tenders were invited for approximately \$29,000 million of 55-day bills to be issued February 23, 1996, representing an additional amount of bills dated October 19, 1995, maturing April 18, 1996. The issue was to raise new

cash. Tenders were opened on February 22. They totaled \$85,706 million, of which \$29,192 million was accepted. The average bank discount rate was 5.02 percent.

February 27 tenders were invited for approximately \$6,000 million of 13-day bills to be issued March 1, 1996, representing an additional amount of bills dated September 14, 1995, maturing March 14, 1996. The issue was to raise new cash. Tenders were opened on February 28. They totaled \$32,082 million, of which \$6,003 million was accepted. The average bank discount rate was 5.06 percent.

## MARCH

### 2-Year and 5-Year Notes

March 20 Treasury tentatively announced it would auction \$18,250 million of 2-year notes of Series AD-1998 and \$12,000 million of 5-year notes of Series G-2001 to refund \$25,562 million of Treasury securities maturing March 31 and to raise about \$4,700 million new cash.

March 25 Treasury announced that it was postponing these auctions because Congress had not completed action on legislation to increase the statutory debt limit to permit issuance of the notes on April 1. March 28 Treasury announced the revised schedule and terms of these auctions, which were held in April.

### 52-Week Bills

March 22 Treasury tentatively announced the auction schedule and terms of the 52-week bill offering. March 27 Treasury announced that it was postponing the auction of 52-week bills originally scheduled for March 28 because action on legislation to increase the statutory debt limit to permit issuance of the bills on April 4 had not been completed. March 28 Treasury announced the revised schedule and terms of this auction, which was held in April.

### Cash Management Bills

March 12 tenders were invited for approximately \$9,000 million of 42-day bills to be issued March 14, 1996, representing an additional amount of bills dated October 26, 1995, maturing April 25, 1996. The issue was to raise new cash. Tenders were opened on March 13. They totaled \$47,387 million, of which \$9,060 million was accepted. The average bank discount rate was 5.11 percent. ◇

**TREASURY FINANCING: JANUARY-MARCH, con.**